Managing Patient Expectations: Approaches to Self-Pay Collections and Financial Hardship

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Disclosure

Sarah Hanna is a consultant with ECS Billing and Consulting North.

Clinical trials and off-label/investigational uses will not be discussed during this presentation.
Overview

1) Facts about consumer-driven-healthcare
2) Challenges associated with collecting cash
3) Setting the stage for gaining payment
4) Determining hardship
5) Assistance program options and resources
6) Invoicing and collections
Facts about Consumer-Driven Healthcare

Today’s catchphrase "consumer-driven health care" not only means more money is coming out of the patient's pocket to pay their healthcare costs, but also that the consumer is driving a more significant portion of the provider’s revenue.

1) Increased patient responsibility is the major trend affecting healthcare payments

2) High Deductible Health Plans (HDHPs) have shifted financial accountability to consumers

3) According to America’s Health Insurance Plans (AHIP), they expected that the out-of-pocket payments for insured patients were expected to grow from $250 billion in 2009 to over $520 billion by 2015, a 68% increase in five years\(^1\)

\(^1\)AHIP Center for Policy and Research, 2005-2011 HSA/HDPH Census Reports: June 2011 report, p. 2
Facts about Consumer-Driven-Healthcare

4) Medical liabilities for self-pay patients without insurance are growing at 19% per year\(^2\)

5) The rate of bad debt for insured patients in some hospitals is increasing at well over 30% per year\(^3\)

6) Consumers now pay more in healthcare costs than employers, and that consumer bad debt for medical expenses were $65 billion in 2010\(^4\)

\(^3\)Ibid
\(^4\)Ibid
Challenges Collecting Cash

1) Lack of patient education regarding their health plan benefits

2) Even with HDHPs growth in the marketplace, people still believe they do not have to pay for their healthcare

3) Providers do not have a well thought out plan for gaining payment from patients

4) Staff education on collecting cash
Setting the Stage for Gaining Payment

Train Your Team

1) Create a game plan in writing

2) Define the team member(s) who will be responsible for all or parts of the process

3) Outline your payment options, payment plan procedures, hardship parameters, etc. in writing
Setting the Stage for Gaining Payment

4) Determine the technique which will be used to collect patient balances

5) Compile scripts which will assist staff in gaining payment up front and during the collection process

6) Role play to assist with gaining confidence

7) Gain buy-in from your team
Setting the Stage for Gaining Payment

Insurance Verification/Eligibility

1) During the insurance verification process, vital claims processing information is gained

2) A complete verification gives the provider an estimate of the amount they need to collect upfront due to co-pay, deductible and benefits

3) This amount changes daily due to when other provider’s claims come through for payer processing and may not be updated online in a timely fashion

4) At times it may be hard to determine the exact amount owed and occasionally refunds are due to patients.

1) Refunds are not an excuse for not collecting payment at the time of service
Setting the Stage for Gaining Payment

Insurance Verification/Eligibility

1) Verification methods
   a) Software functionality
   b) Clearinghouses
   c) Payer online portals
   d) IVR
   e) Personal telephone contact

2) Online verifications through websites/portals with logins and passwords. The set up passwords change over time and all applicable members need to be given the new passwords as they are updated.
Setting the Stage for Gaining Payment

Communicating with patients/caregivers

1) Provide a document detailing your collection policy for patients regarding their financial responsibility.

2) Have the right person/people in place to make the calls/contact with patients.
Setting the Stage for Gaining Payment

3) Workflow and responsibility example:
   a) Provider would designate the person responsible for patient contact regarding payment (for this example call them a “Patient Care Coordinator”)
   b) After insurance verification has been performed the Patient Care Coordinator would be contacted regarding patient’s co-pay/deductible and benefits
   c) Provider may decide to do a credit check on patients for high cost therapies
   d) The Patient Care Coordinator would call the patient to advise them of their payment responsibility
Setting the Stage for Gaining Payment

Communicating with patients/caregivers

Workflow and responsibility example:

e) They would then determine method of payment, hardship, etc.

- **Question to the guarantor:** “Will you be making your payment for your deductible/co-pay with cash, check, check by phone, HSA debit card or credit card?”

  - **Answer:** “Bill me or I can’t pay because…”

- Provide a script for rebuttals based on your company’s payment protocols and hardship parameters

  - Include options to be given for payment assistance.
Setting the Stage for Gaining Payment

Communicating with patients/caregivers

Workflow and responsibility example:

- This may vary based on type of therapy, cost and continual therapy vs. one-time only.

- Gain the credit card information and run the credit card to ensure that it is valid while on the phone with the patient. If the patient has no credit card, a check may be issued by the patient upon delivery or via phone.

- For recurring charges for ongoing therapy, have the patient sign an authorization form for automatic credit card charges or ACH transactions from checking account.
Setting the Stage for Gaining Payment

Communicating with patients/caregivers

Workflow and responsibility example:

f) Credit card/ACH form is added to the delivery/admission packet for patient signature

g) If payment is cash or check upon delivery, the team member will need to be notified that they will be collecting check and inform them of the amount that is owed. Note: Collecting cash at time of delivery is tricky due to lack of controls over the cash

h) When insurance pays the claim and the cash is posted, the Poster would verify the co-pay/deductible to what was actually paid and if the patient overpaid, a credit would be given to their credit card or a refund check issued

i) Patient Care Coordinator would be responsible for tracking the credit card expiration dates for monthly charges and follow up with the patient when to get new card information prior to the expiration; as well as processing applicable ACH transactions
Setting the Stage for Gaining Payment

Communicating with patients/caregivers

1) What if the patient refuses to pay? Options:

   • Offer information on patient assistance programs
   • Help complete the patient assistance program application
   • Offer payment plan based on company policy
   • Review them for hardship
Setting the Stage for Gaining Payment

Communicating with patients/caregivers

What if the patient refuses to pay? Options:

• Provider’s may decide to state that their balance must be paid or arrangements for payment be made before they receive their next treatment

• Refer them to another provider
Assistance Program Options and Resources

Assistance programs help the uninsured and financially struggling patients. Each program has varying requirements to meet their criteria as well as applications which need to be completed and approved before assistance can be provided.

Types of pharmaceutical assistance programs:

1) Pharmaceutical companies
   a) Pfizer: Pfizer RxPathways – offers a range of services to help patients access their Pfizer medicines.
      i. Website offers an educational video, links to learn more and applications for services for uninsured patients and services for insured patients
      ii. www.pfizerrxpathways.com
Assistance Program Options and Resources

Types of pharmaceutical assistance programs:

Pharmaceutical companies

b) Merck: Merck Helps – the Merck Patient Assistance Program

i. This private and confidential program provides medicine free of charge to eligible individuals, primarily the uninsured who, without assistance, could not afford needed Merck medicines
Assistance Program Options and Resources

ii. Individuals who don’t meet the insurance criteria may still qualify for the Merck Patient Assistance Program if they attest that they have special circumstances of financial and medical hardship, and their income meets the program criteria.

iii. A single application may provide for up to 1 year of medicine free of charge to eligible individuals and an individual may reapply as many times as needed.

iv. www.merckhelps.com
Assistance Program Options and Resources

2) Private organizations

a) Partnership for Prescription Assistance (PPA) – sponsored by America’s biopharmaceutical research companies.

i. The groups behind the PPA include organizations such as: the American Academy of Family Physicians, American Cancer Society, American College of Emergency Physicians, Easter Seals, United Way and the Urban League.

ii. Helps qualifying patients without prescription drug coverage get medicines they need for free or nearly free.

iii. They offer a single point of access to more than 475 public and private programs, including nearly 200 offered by biopharmaceutical companies.
Assistance Program Options and Resources

Private organizations

Partnership for Prescription Assistance (PPA) – sponsored by America’s biopharmaceutical research companies.

iv. Helps patients contact government programs such as Medicaid for assistance

v. https://www.pparx.org/prescription_assistance_programs/co_payment_programs

vi. PPA has a dedicated website to make it easier to learn about help available for children: www.kids.pparx.org
Assistance Program Options and Resources

Private organizations

b) Patient Advocate Foundation (PAF) Co-Pay Relief Program (CPR)

i. Provides direct financial support to insured patients, including Medicare Part D beneficiaries, who are financially and medically qualified for pharmaceutical treatments and/or prescription medication co-payments, co-insurance and deductibles relative to their diagnosis

http://www.copays.org/pharmaceutical-assistance-programs
Assistance Program Options and Resources

Private organizations

Patient Advocate Foundation (PAF) Co-Pay Relief Program (CPR) continued

ii. Eligibility Requirements

- Patient should be insured and insurance must cover the medication for which the patient seeks assistance
- Patient must have a confirmed diagnosis of the disease/illness for which they seek financial assistance
- Patient must reside and receive treatment in the United States
- Patient's income must fall below 400% of the Federal Poverty Guidelines (FPG) with consideration of the Cost of Living Index (COLI) and the number in the household
Assistance Program Options and Resources

Private organizations

Patient Advocate Foundation (PAF) Co-Pay Relief Program (CPR)

iii. Diseases with assistance programs

- Breast Cancer
- Cervical cancer
- Chronic pain
- Cutaneous T-Cell Lymphoma cancer
- Electrolyte Imbalance
- Hepatitis B
Assistance Program Options and Resources

- Hepatitis C
- Inherited or Acquired Lipodystrophy
- Metastatic Colorectal cancer
- Metastatic Gastric cancer
- Metastatic Prostate cancer
- Multiple Myeloma
- Non-Muscle Invasive Bladder cancer
- Non-Small Cell Lung Cancers
- Osteoporosis
- Ovarian Cancer
- Renal Cell Carcinoma
Assistance Program Options and Resources

Private organizations

c) Prescription Assistance 360

i. For uninsured Americans who cannot afford their prescribed medications

• Must be a US resident
• Does not have Medicaid or other health insurance to cover outpatient medications
• Income is at a level that results in economic hardship when buying retail prescription drugs
• www.prescriptionassistance360.org
3) Medicare

i. The Extra Help Program - a federal program that helps qualifying individuals pay for some or most of the costs of Medicare prescription drug coverage

• Assists Medicare beneficiaries whose monthly income is up to $1,459 for singles ($1,967 for couples) and assets are below specified limits (see chart below for details)
Assistance Program Options and Resources

• Even if income or assets are above the limit beneficiaries may still qualify for Extra Help because certain types of income and assets may not be counted
  • For example, part of their earned income and their house will not be counted

• If beneficiaries are enrolled in Medicaid, Supplemental Security Income (SSI) or a Medicare Savings Program (MSP), they automatically qualify for Extra Help
  • They don’t have to apply for this extra assistance
Assistance Program Options and Resources

Medicare

- Beneficiaries who do not have Medicaid, Supplemental Security Income or a Medicare Savings Program, can apply for help paying for Medicare Part D through the Social Security Administration using either the agency's print form online application.

- To apply online visit [www.socialsecurity.gov](http://www.socialsecurity.gov)
  - This application can also enroll them in the Medicare Savings Program, which helps pay for Medicare costs.
Assistance Program Options and Resources

• To be sure all the benefits they qualify for are given they must complete the entire Extra Help application

• It’s recommended for them even if they do not think they qualify for Extra Help

### Assistance Program Options and Resources

#### Extra Help Program
**Income and Asset Limits 2014**

If you have Medicare and Medicaid and/or a Medicare Savings Program

<table>
<thead>
<tr>
<th>You are enrolled in...</th>
<th>And your income is...</th>
<th>Then you get...</th>
<th>Your 2014 copays are...</th>
</tr>
</thead>
<tbody>
<tr>
<td>Medicaid</td>
<td>Up to $973 ($1,311 for couples) per month in 2014&lt;sup&gt;1&lt;/sup&gt;</td>
<td>Full Extra Help</td>
<td>$1.20 generic copay</td>
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<tr>
<td></td>
<td></td>
<td>$0 premium and deductible&lt;sup&gt;2&lt;/sup&gt;</td>
<td>$3.60 brand-name copay</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>No copay after $6,455.00 in total drug costs</td>
</tr>
<tr>
<td>Medicaid and/or the Medicare Savings Program</td>
<td>Above $973 ($1,311 for couples) per month in 2014&lt;sup&gt;1&lt;/sup&gt;</td>
<td>Full Extra Help</td>
<td>$2.55 generic copay</td>
</tr>
<tr>
<td></td>
<td></td>
<td>$0 premium and deductible&lt;sup&gt;2&lt;/sup&gt;</td>
<td>$6.35 brand-name copay</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>No copay after $6,455.00 in total drug costs</td>
</tr>
</tbody>
</table>

If you have Medicare only

<table>
<thead>
<tr>
<th>And your income is...</th>
<th>And your assets are...</th>
<th>Then you can get...</th>
<th>Your 2014 copays are...</th>
</tr>
</thead>
<tbody>
<tr>
<td>Up to $1,313 ($1,770 for couples) per month in 2014&lt;sup&gt;1&lt;/sup&gt;</td>
<td>Up to $8,660 ($13,750 for couples) in 2014&lt;sup&gt;3&lt;/sup&gt;</td>
<td>Full Extra Help</td>
<td>$2.55 generic copay</td>
</tr>
<tr>
<td></td>
<td></td>
<td>$0 premium and deductible&lt;sup&gt;2&lt;/sup&gt;</td>
<td>$6.35 brand-name copay</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>No copay after $6,455.00 in total drug costs</td>
</tr>
<tr>
<td>Below $1,459 ($1,966 for couples) per month in 2014&lt;sup&gt;1&lt;/sup&gt;</td>
<td>Up to $13,440 ($26,860 for couples) in 2014&lt;sup&gt;3&lt;/sup&gt;</td>
<td>Partial Extra Help</td>
<td>15% coinsurance or the plan copay, whichever is less</td>
</tr>
<tr>
<td>- And your income and/or assets are above Full Extra Help limits</td>
<td></td>
<td>Premium depends on your income</td>
<td>After $6,455.00 in total drug costs, you pay $2.55/generic and $6.35/brand-name or 5% of the drug cost, whichever is greater</td>
</tr>
<tr>
<td></td>
<td></td>
<td>$63 deductible or the plan’s standard deductible, whichever is cheaper</td>
<td></td>
</tr>
</tbody>
</table>

**Note:** Income and asset limits on this chart are rounded to the nearest whole dollar. There’s also a $20 income disregard (not factored into the income limits above) that the Social Security Administration automatically subtracts from your monthly unearned income.

<sup>1</sup>Income limits are based on the Federal Poverty Level (FPL), which changes every year in February or March. Limits are higher for each additional relative living with you for whom you are responsible.

<sup>2</sup>You pay no premium if you have Full Extra Help and a basic Part D drug plan with a premium at or below the Extra Help premium limit for your area.

<sup>3</sup>Asset limits include $1,500 per person for burial expenses.
Assistance Program Options and Resources

4) State Health Insurance Assistance Program (SHIP)

i. SHIP is a national program that offers one-on-one counseling and assistance to people with Medicare and their families

ii. Varies by state


- At the website, Go to “Find a State SHIP”, enter the state and hit “GO”
Determining Financial Hardship

When an individual falls within the guidelines of what the government considers financial hardship

1) Customer must complete a hardship form and return to the company
2) If/When approved by the CFO
3) The customer is notified
4) Customer must re-apply on a yearly basis
Determining Financial Hardship

1) W-2
2) Paystub
3) Income tax return
4) Forms from Medicaid or other state funded medical assistance
5) Proof of bankruptcy
6) Catastrophic situations (death, disability in family)
Determining Financial Hardship


http://aspe.hhs.gov/poverty/

http://aspe.hhs.gov/poverty/09extension.shtml

Hardship application:

http://indeflash.com/HardshipForm.pdf
Determining Financial Hardship

Federal Poverty Guidelines for FFY 2015

<table>
<thead>
<tr>
<th>Size of family unit</th>
<th>100 Percent of Poverty</th>
<th>110 Percent of Poverty</th>
<th>125 Percent of Poverty</th>
<th>150 Percent of Poverty</th>
<th>175 Percent of Poverty</th>
<th>185 Percent of Poverty</th>
<th>200 Percent of Poverty</th>
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<td>$11,670</td>
<td>$12,837</td>
<td>$14,588</td>
<td>$17,505</td>
<td>$20,423</td>
<td>$21,590</td>
<td>$23,340</td>
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<td>$17,303</td>
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<td>$23,595</td>
<td>$27,528</td>
<td>$29,101</td>
<td>$31,460</td>
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<td>3</td>
<td>$19,790</td>
<td>$21,769</td>
<td>$24,738</td>
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<td>$34,633</td>
<td>$36,612</td>
<td>$39,580</td>
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<td>$26,235</td>
<td>$29,813</td>
<td>$35,775</td>
<td>$41,738</td>
<td>$44,123</td>
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<td>5</td>
<td>$27,910</td>
<td>$30,701</td>
<td>$34,888</td>
<td>$41,865</td>
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<td>$35,167</td>
<td>$39,963</td>
<td>$47,955</td>
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<td>$59,145</td>
<td>$63,940</td>
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<td>7</td>
<td>$36,030</td>
<td>$39,633</td>
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<td>$72,060</td>
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<td>8</td>
<td>$40,090</td>
<td>$44,099</td>
<td>$50,113</td>
<td>$60,135</td>
<td>$70,158</td>
<td>$74,167</td>
<td>$80,180</td>
</tr>
</tbody>
</table>

For all states (except Alaska and Hawaii) and for the District of Columbia.
Note: For optional use in FFY 2014 and mandatory use in FFY 2015

2015 NHIA Annual Conference & Exposition
Invoicing and Collections

1) Have a plan for invoicing and following up on outstanding balances in writing

2) Track the outcome of efforts

3) Perform an ROI on the costs vs payments

4) If debating on an outsource solution use the ROI as a comparison
Invoicing and Collections

1) Invoice/Statement Design

  a) Patients who are unable to understand their bill are less likely to pay than those who understand their payment responsibilities and can comprehend their invoice/statement

  b) Ensure that the setup of your invoice/statement is patient friendly

  c) Confirm that the itemization is clear, concise and does not include error corrections

  d) Offer credit card payment option

  e) Provide online payment address

  f) Some billing software program’s default invoices/statements are not easy to understand
Invoicing and Collections

1) Invoice 30 days
2) Audit or Courtesy Letter
3) Statement-Letter 1, 45 days
4) Statement-Letter 2, 60 days
5) Statement-Letter 3, 75 days
6) Statement-Letter 4, 90 days
7) Internal Phone Collections
Making the Call

Know what you need from the patient when making the call

1) Be familiar with the history of the patients credit with YOU!

2) Current Demographics:
   a) Full legal name
   b) Full legal name of spouse
   c) Social security number
   d) Date of birth
   e) Employer name
   f) Alternate address
Making the Call

1) You are in competition with other companies for $

2) It’s all in the technique

3) Great communication skills are a must

4) Persistent but pleasant

5) Remember, it’s not personal
Making the Call

1) Have a set of lead questions
   a) Be direct but polite
   b) ‘I am calling regarding date of service 11/23/2014 and the balance that is open with ABC Medical, how can we get this cleared up?’

2) Be ready for any type of response
   a) Positive
   b) Negative

3) Become familiar with the ‘blow off’ and how to handle
Making the Call

1) Set the tone in the first few minutes
2) Let the patient know your intentions
3) Become familiar with their needs
4) KNOW YOURS and understand the difference
5) Stick to the script
6) Three proposals for patient payments
7) Be willing to walk away
Making the Call

1) Give the patient numerous ways to submit the payment you have agreed upon

   a) Credit card (can keep on file for monthly payments and expiration dates)

   b) EFT—Electronic Funds Transfers

   c) PAC Pre-authorized Checking Agreement

   d) Incentive to pay by offering a discount

   e) Accept post dated checks

   f) ACH—Automated Clearing House
Making the Call - Rebuttals

1) Patient deceased, research estate if applicable
   • www.worldvitalrecords.com
   • www.gov-records.com
   • www.ssdi.rootsweb.ancestry.com

2) Bankruptcy

3) Divorce

4) Inconsistent payments

5) On-going legal issues

6) ‘I was never happy with your service’
Secrets to a Successful ‘Collection Call’

1) Positive Opening Statement ‘Sales Savvy’

2) Be aware of specific words and phrases NOT to use

3) Watch tone, stay calm and let them speak

4) Keep communication with patient ‘organized and open’

5) Listen empathetically
Secrets to a Successful ‘Collection Call’

1) Do not use intimidation

2) Close on a positive note despite the reason for the call

3) Give ‘follow up’ information

www.ftc.gov/bcp/edu/pubs/consumer/credit/cre18.shtm
www.privacyrights.org/fs/fs27-debtcoll.htm#6
Systematic Follow Up

Have a plan and follow it

1) ‘Follow up’ that will obtain the best results

2) Cross your T’s and dot your I’s

3) Be able to recite past conversations and agreements

4) Maintain creditability with patient

5) Manage agreed payment plan
Who, What, Where, When and Why

Document EVERYTHING....

1) Date call is made

2) To whom you spoke

3) Topic of conversation (date of service, product)

4) Follow up call (based on plan set by Management)

5) Set up in Excel spreadsheet (sorting, filters) for tracking purposes

6) Make applicable notes in your in house system
Invoices, Statements and Calls……… now Collection Letters?

An ‘effective’ collection letter………

1) Use large font

2) WHY they need to pay

3) Use only the wording that is necessary

4) ALWAYS be direct and ask for action

5) Request and encourage a response
Invoices, Statements and Calls…… now Collection Letters?

6) Enclose a self-addressed reply envelope

7) Establish creditability

8) List on invoice and statements ‘Due Upon Receipt’

9) Mark Envelopes ADDRESS SERVICE REQUESTED

• HTTP:WWW.USPS.COM/NCSC/ADDRESSSERVICES/MOVEUPDATE/ACE.HTM
Missing Patient

Skip Tracing—is a way of locating a patient to collect dollars/assets. Research companies that specialize in this type of research.

- Internet Searches
  - Wink People Search
  - Langenburg Reverse Phone Directory
  - www.peoplefinders.com
  - www.skiptracers.com
  - www.anywho.com

- Yellow pages
  - www.whitepages.com
  - www.superpayers.com
  - www.411.com
Now what?

You’ve made calls, sent letters and still are not collecting

1) If the balance is above $600.00 you can report to the IRS (1099c) visit [www.irs.gov](http://www.irs.gov)

2) Report to credit agency

3) Contact lawyer, put letter on law office letterhead

4) Small claims court

5) Litigation
Collection Agency?

What is your initial approach?

1) Communicate with companies in your market

2) When a decision is made, get references from the agency

3) At what stage do you hand over?

4) What do they offer:
   a) Skip tracing
   b) Asset searches
   c) Talking statement
   d) Public record retrieval
In Conclusion

1) Have a written collection/credit policy

2) Utilize the insurance verification for educating the patient/caregiver about their financial responsibility

3) Train staff on collecting balances upfront

4) Be informed on patient assistance programs

5) Determine financial hardship and payment plan options
In Conclusion

6) Provide Patient assistance program information when applicable

7) List payment options on invoices/statements (credit card, online payment)

8) Review invoice/statement setup

9) Correct and update accounts as they are worked

10) Determine if in-house collections is a value or if outsourcing is an option
QUESTIONS
Thank you for your time

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